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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Billed Party Preference) CC Docket No. 92-77
for 0+ InterLATA Calls)

AT&T COMMENTS

American Telephone and Telegraph Company ("AT&T")
hereby submits its comments on the issues set for
expedited consideration in the Commission's May 8, 1992
Notice of Proposed Rulemaking ("NPRM").

These comments demonstrate that AT&T and other
interexchange carriers ("IXCs") and their customers should
not be denied the ability to use "proprietary" calling
cards to place 0+ calls from telephones presubscribed to
the issuing carrier. There is no need, and no legitimate
basis, to impose such inconvenience on consumers. Indeed,
this arbitrary restriction would produce no benefits and
would only harm customers by impeding their ability
conveniently to place calling card calls. In all events,
it is not feasible given current network technology for
AT&T -- or, to AT&T's knowledge, for any IXC -- to
distinguish between the dialing protocols used by
customers in order to reject some card calls dialed on a
0+ basis.

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The Commission has tentatively concluded in the NPRM that it might be appropriate to implement an automated carrier identification procedure ("billed party preference") under which interLATA calls dialed on a 0+ basis would be routed by local exchange carriers ("LECs") to the preferred operator service provider ("OSP") of the party billed for the call.* The NPRM acknowledges, however, that billed party preference cannot in all events be deployed for several years. Id., ¶ 41. The Commission has therefore requested, on an expedited basis, comments on whether certain restrictions should be adopted in the interim with respect to IXC calling cards that are currently usable with 0+ access from telephones presubscribed to the issuing IXC.**

* NPRM, ¶¶ 1, 13. The NPRM requests comments regarding, inter alia, the cost, technical and service quality implications of implementing such "billed party preference" routing and the potential impact of that proposal on competition in the provision of interexchange operator services. Id., ¶¶ 24-35. AT&T will address those issues in its separate comments on the billed party preference proposal.

** The NPRM (e.g., ¶ 36) refers to such cards as "proprietary" cards, in that they are ordinarily usable for long distance calling only on the network of the issuing IXC. As such, these cards -- including AT&T's new CIID cards and the tens of millions of cards issued by MCI, Sprint and other IXCs -- are analogous to ordinary commercial charge cards issued by any retail merchant. Sears, for example, issues cards to permit its customers to make purchases from Sears; those cards cannot be used to make purchases

Specifically, the NPRM requests comment on whether a proprietary card issuer should be required to prevent 0+ access to its network for calls billed to such cards, and require customers instead to dial the IXC's access code (e.g., 10XXX), even when calling from a telephone presubscribed to that IXC. As an alternative, the IXC could agree to offer validation and billing services to its competitors so that they could accept the issuer's cards for calls placed over their networks -- and thereby convert the issuer's cards to communal or "shared" cards.

The NPRM's proposed requirements thus mirror CompTel's proposals which AT&T has already refuted twice in its filings in Docket 91-115.* In particular, AT&T

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from competing retailers. As the NPRM acknowledges (¶ 36, n.40), the CIID card thus eliminates the divestiture-related anomaly under which AT&T and the BOCs until recently maintained shared calling card systems which, in turn, made AT&T's cards in many instances usable on other IXCs' networks.

- * On December 20, 1991, the Competitive Telecommunications Association ("CompTel") filed a motion on behalf of nineteen of its OSP members requesting this relief. AT&T addressed the substance of CompTel's motion in several pleadings in that docket. See AT&T's Opposition to CompTel's Motion for an Interim Order, filed February 10, 1992 ("AT&T's CompTel Opposition"); AT&T's Reply Comments in Opposition to CompTel's Motion for an Interim Order, filed March 11, 1992; see also AT&T's Reply Comments in CC Docket 91-115, filed September 16, 1991. The filings on the CompTel motion have been incorporated into the record in this proceeding (NPRM, n.41).

has demonstrated there that it would, in fact, be anticompetitive if AT&T (or any other IXC) were required to make its own technology, development and customer data available to competitors, such as by providing card validation and billing for other IXCs, because it would distort efficiencies and thwart incentives for innovation by IXCs. Further, there is no jurisdictional predicate for granting this relief. As the Commission has previously held, billing functions such as those involved here are not subject to regulation under Titles I or II of the Communications Act.* Further, at least in AT&T's case, this alternative would seriously disserve the interests of tens of millions of customers who have come to rely on their AT&T calling cards to assure they will receive AT&T service and AT&T rates.**

* See Detariffing of Billing and Collection Services, 102 FCC 2d 1150 (1986). Such an order would also be inconsistent with the Commission's recent holding that AT&T's calling cards are not subject to the same non-discrimination and access requirements as LEC "joint use" cards, because AT&T's card systems are not based upon information gathered by any LEC in the course of providing local exchange services. See Policies and Rules Concerning Local Exchange Carrier Validation and Billing Information for Joint Use Cards, Report and Order and Request for Supplemental Comment, CC Docket 91-115, released May 8, 1992 ("LEC Joint Use Card Order"), ¶¶ 85-86.

** As AT&T has repeatedly emphasized in its prior oppositions to CompTel's proposal, and as no one seriously disputes, the anomalous shared nature of AT&T's predecessor calling card contributed significantly to the customer confusion, complaints

Accordingly, there is no circumstance in which AT&T could envision making its calling card data available for validation and billing by its OSP competitors.

Thus, the sole remaining issue in the expedited pleading cycle (at least from AT&T's perspective) is whether IXCs who issue their own calling cards must require their customers always to dial an access code when using their cards, even when equal access arrangements at their telephones would not otherwise require customers to incur that inconvenience. Such a requirement would largely eviscerate the Commission's established equal access and presubscription procedures pursuant to which 0+ interLATA calls are delivered to a presubscribed IXC. Under the restriction described in the NPRM, such traffic would continue to be delivered to the presubscribed carrier's network, but an IXC would be required to reject calls from customers using that IXC's calling card, notwithstanding that they had reached its network.

There is simply no need for this anti-consumer result, particularly because the "problem" the NPRM purports to address does not exist. Foremost, AT&T's

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and "rip-offs" associated with the unwelcome (and generally covert) carriage of AT&T card calls by often-unscrupulous "AOS" providers. AT&T's decision to deploy the current CIID-format card is in large part a response to customers' legitimate demands for protection from these AOS practices.

business decision to issue a calling card that customers may use with convenient 0+ dialing when they call from a telephone presubscribed to AT&T* is an option that other IXCs are equally free to provide for their customers. Any IXC can issue cards in the CIID format established by Bellcore, or employ other "proprietary" formats -- including line-number based cards -- that can be used on a "0+" basis. Indeed, Sprint has recently introduced a new telephone line number based proprietary card which can be used with 0+ access from Sprint-presubscribed phones, and with 10333 access from other phones. Other IXCs, like MCI, have chosen a line number-based format but have decided not to make card calling available on a "0+" or 10XXX basis.** Still others have chosen not to invest in

* The NPRM (§ 37) states that AT&T has claimed its CIID card enables customers to ensure they receive service from AT&T "without the burden of dialing access codes." This assertion is incorrect. AT&T's card can only be used on a 0+ basis when the access arrangements for a telephone route 0+ interLATA calls to AT&T's network. AT&T clearly instructs its customers to dial "10288" when 0+ access is not available. The fact that only AT&T can validate its CIID cards does, however, enable AT&T customers to be sure they will get AT&T service and be charged at AT&T's rates for interLATA calls.

** That this decision is purely a matter of each IXC's discretion is undisputed, and is confirmed by Sprint's recent actions. Indeed, "0+" and 10222 calls dialed with MCI's card are delivered by the LECs to MCI; it is MCI's own actions, within its own network and for its own business purposes, that reject these calls.

cards at all, and merely accept "LEC joint use cards" (which are required to be available to all IXCs for validation and billing).

This range of customer choice is precisely what a competitive business like the provision of long distance calling card service is designed to foster. Each vendor is free to adopt the particular "mix" of features, functions and price that it believes is most efficient and attractive; customers, in turn, are free to select vendors based on these varied offerings. The restriction on "0+" access for some cards, as described in the NPRM, would arbitrarily eliminate some of the choices that IXCs currently offer and that customers currently enjoy, and thus could only harm, not help, consumers and competition.

In fact, neither the CompTel members who seek this restriction nor the NPRM that inquires about it identify a single benefit that could possibly accrue if the "0+" restriction were imposed. The NPRM suggests (§ 39) that the nature of AT&T's CIID card has advantaged AT&T in competing for public phone presubscription. Even if true, this would not indicate any "problem" or impropriety that could warrant additional regulatory restrictions. To the contrary, it merely indicates that the competitive market is functioning properly: aggregators are making presubscription choices that

reflect the preferences of most consumers for AT&T's quality, service and value. All the restriction would "accomplish" is the senseless nullification of a convenient form of dialing the majority of consumers today enjoy.

Finally, even if there were any justification for the proposal in the NPRM (and, as shown above, there is none), the "0+" restriction is infeasible in the near term. As AT&T has previously pointed out,* under existing technical arrangements LECs do not pass information to IXCs that would enable them to determine whether calls reaching their networks have been dialed on a 0+ or 10XXX+0 basis. Standardization of the Signaling System 7 ("SS7") protocol to provide such information is currently under consideration, but even if those standards are eventually adopted it would take several years for LECs to deploy that capability and IXCs to modify their operator systems to function with it. AT&T is aware of no other practical method of establishing interim network arrangements to provide this information automatically that would not also require years of development, or tens of millions of dollars in costs, or both. Without this expenditure of time and resources -- all of which

* See AT&T's CompTel Opposition, p. 13 n.***.

would be stranded if billed party preference is implemented at some future date -- AT&T would not be able to reject 0+ calls dialed with its calling cards from AT&T-presubscribed telephones unless its operators were to intervene on every calling card call and interrogate customers about the dialing method used to place that call.*

In sum, requiring AT&T to instruct its cardholders that they should always dial AT&T's access code, and to reject calls billed to its cards unless they are placed with that access code, would not enable other carriers to achieve any greater success in the marketplace than those competitors have to date. Such a requirement would, however, drive customers away from the 0+ dialing protocol for interLATA calling that the Commission itself has tentatively concluded should be encouraged under billed party preference. Additionally, the certain near

* Assuming that technical arrangements could eventually be implemented so that AT&T could obtain real-time information on the dialing protocol used by its calling card customers, requiring AT&T to reject 0+ dialed AT&T card calls would still subject its customers to the pointless inconvenience of having to hang up and redial. In some cases, it might be impossible to redial the call on a 10288 basis, even if the customer were willing to do so. For example, many non-aggregator customers have programmed their PBX equipment to block all 10XXX access codes, to assure use of a single IXC's services from their premises. AT&T customers calling from AT&T presubscribed locations would thus be unable even to dial 10288 to access their own presubscribed carrier to place AT&T card calls from these locations.

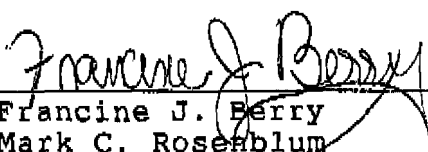
term impact of adopting this proposal would be to impose needless confusion and inconvenience for tens of millions of customers. These consequences cannot be squared with the public interest.

WHEREFORE, for the reasons stated above, the interim relief described in the NPRM should not be adopted.

Respectfully submitted,

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